

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **SB 3083**

February 14, 2020

SPONSOR (S): Castro

SYSTEM(S): Chicago Police

FISCAL IMPACT: According to the pension fund, the objective of SB 3083 is to make sure participants cannot withdraw more in “accumulation annuity” contributions than they have put in. The pension fund maintains that the clarification provided for in this bill could potentially lead to a net savings for the fund to the extent that overpayments do not occur.

SUBJECT MATTER: SB 3083 amends the Chicago Police Article of the Pension Code to clarify when the payment of “accumulation annuity” pensions must commence.

COMMENT: Under the Chicago Police Article of the Pension Code, certain Tier 1 retirement annuities are calculated under what is known as the “accumulation annuity” method. According to the pension fund, this applies to a fairly small number of police officers. Under this method, at age 50 or more, with 10 or more years of service, the police officer is entitled to an annuity based on the sums accumulated for age and service annuity plus 1/10th of the sum accumulated from the contributions by the City for the age and service annuity for each completed year of service after the first 10 years. At age 50 or more with 20 or more years, the employee is entitled to an annuity based on all sums accumulated.

SB 3083 stipulates that no Tier 1 police officer has the right to an accumulation annuity until the later of (i) attainment of age 50, (ii) his or her date of withdrawal, or (iii) the date her or she makes application for a retirement annuity.

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